

1873

TO THE  
MERCHANTS AND PROPERTY-OWNERS  
OF NEW YORK CITY.

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THE CAUSES WHICH ARE DRIVING COMMERCE FROM  
YOUR DOORS, FORCING TRADE INTO OTHER CITIES,  
DESTROYING THE VALUE OF YOUR PROPERTY, AND  
IMPOVERISHING THE COUNTRY.

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“Travel always follows freight,” and “Merchants buy their goods where the products of their customers find a market,” are sayings as old as commercial intercourse among men.

Ten years ago New York city received and marketed over eighty per cent. of all the products of this country which reached the seaboard. To-day, more than fifty-seven per cent. of that business is done in other cities, and marketed through other ports.

In this paper I shall undertake to prove that nearly all the burdens imposed on the Commerce of this city, and which threaten to destroy its commercial supremacy, are solely and entirely attributable to the unjust and oppressive management of Railroads. Before undertaking to prove the truth of this assertion, I desire first, to call attention to a few figures, in order to illustrate the importance of this question to the whole people; and second, to the fundamental law under which such roads are permitted to be built.

THE VALUE OF INTERNAL AND EXTERNAL COMMERCE COMPARED.

The total value of all goods imported into this country, during the year 1871, amounted to about \$500,000,000, on which the tariff, or duty

charges, was about \$200,000,000. Much has been said by the public press, the politicians, and the people's representatives, about this latter charge, and upon that discussion important political results are now pending. Yet, how insignificant these figures look, when compared with those representing the value and cost of transporting the *internal* commerce of the country, as represented by property transported over railroads during that year.

The value of property transported over railroads in the United States, during the year 1871, amounted to over \$10,875,000,000, or more than twenty times that of all the goods imported during that year, and the transportation charges for *moving* the former about equaled the entire cost of the latter.

#### CANAL TOLLS VS. RAILROAD TAX IN THIS STATE.

Politicians never fail in their conventions to adopt resolutions in favor of a reduction of tolls over the canals of this State, knowing, as they do, how sensitive the people are on that question.

Examine the burden imposed on commerce over the canals, and contrast it with that imposed by railroad companies doing business in this State, and see which is of most importance to the people.

During the year 1871, this State collected for tolls over its canals \$2,813,686.29, and the sums paid to boatmen for moving the property, about equaled that paid the State for tolls. Six million (\$6,000,000) dollars is a liberal estimate to put on the burden imposed on commerce moved over the canals of this State during the last year.

By reference to reports made to the State Engineer and Surveyor, by railroad companies doing business in this State, it will be found that these companies received during the year 1871, for transporting FREIGHT, \$53,635,589.82; for passenger fares, \$23,094,876.05; and from other sources, \$4,431,785.19, making a total of \$81,162,242.06. From this amount deduct \$10,000,000 on freight, and \$5,000,000 on passengers' fares, over the Boston and Albany, and Lake Shore and Michigan Southern roads, on business done outside of this State, and it will be found that the enormous sum of \$43,500,000 was taken from the people of this State for having their property, and \$18,000,000 for having their persons transported over its railroads during the past year. Yet no political party has raised its voice against this vast burden; and none has been found potent enough to compel an investigation into these charges, to see whether they are just or unjust.

RAILROADS ARE FOR PUBLIC USE, AND CANNOT, CONSTITUTIONALLY, BE MADE OBJECTS OF PRIVATE SPECULATION.

PUBLIC USE is defined to be "in contradistinction to private use."

No explanation accompanies that provision of the Constitution of the United States, nor of this State, which says, "private property may be taken for public use;" therefore, it is safe to infer, that its authors contemplated that this provision would be construed according to its common definition. They certainly never intended to make it an agency of oppression on the people, nor the means whereby private fortunes might be acquired. Its object undoubtedly was to clothe the proper authorities with power to open communications between communities, for public convenience. A decision rendered soon after this government was established, gives a very clear idea of the powers that provision was intended to convey. That decision was as follows: "The right of *eminent domain*, or to take private property for a public use, *being arbitrary*, is *barely admissible* under our system of free government, *and can only be tolerated*, or obtain a standing in court, when all acts done under it are based on *strict justice* and for the *public welfare*."

RAILROADS HAVE BEEN DECLARED FOR PUBLIC USE, therefore the companies representing them are permitted to take (with or without the consent of its owner) what private property is necessary for the construction and convenient operation of their roads. When private property is taken for the construction of a railroad, no personal feelings are permitted to enter into the consideration. The sacred hearthstones of generations may be desolated; grounds beautified for the enjoyment of old age may be laid waste; even the *prospective* value of property is denied its owner. The only question the law requires commissioners to determine is, what are the ACTUAL damages this person will sustain, the presumption being that, public and *not* private interests are to be promoted by the taking of property for such a purpose.

Railroads, although unknown fifty years ago, are to-day the principal agency of commerce and travel in almost every civilized country in the world. With us they have superseded our ordinary highways, turnpikes, plank-roads, lakes, rivers, and canals, and become our common highways.

Authorities without number can be cited to prove that they are public and not private in their character. It must be so, since nearly all that the people eat, drink, or wear is transported over them. For instance, what difference would it make to the inhabitants of New

York city whether a corrupt city government should steal ten million dollars a year and then levy a tax for its payment, or whether a railroad company, in order to pay dividends on its *watered* stocks, should levy a tax equal to that sum every year for transporting the necessities of life to the people of this city? The only difference would be that the tax levied by railroad companies would be more generally distributed than the other, because the poor must eat; and if a poor man eats as much as a rich one, he pays just as much of the latter tax.

#### ON THE RIGHT OF RAILROAD COMPANIES TO CAPITALIZE THEIR SURPLUS EARNINGS.

The surplus earnings of railroads represent the amount collected from the public for their use, beyond the sums required to pay their operating expenses and a fair return on their cost. A railroad company, then, as manager of a public use, exhausts all its claims on the public when it meets and pays these legitimate demands; therefore, all improvements made to railroad property out of the earnings of such roads, beyond the amount required to meet such demands, having been paid for by the public, it should enjoy them without being additionally taxed for their use; and, while constitutional law has any binding force, no argument will be offered against this proposition, for it cannot be defended that the public welfare is *promoted*, when the public is taxed to pay interest or dividends on its own money or on money never expended for its benefit, nor that any legislation can be held as constitutional or binding which permits such manifest *injustice* to exist.

#### ON THE VALUE OF PROPERTY TAKEN FOR RAILROAD PURPOSES.

Many people argue that the obligations of this or that railroad company are more valuable because its property would sell for more than it cost. The land in Broadway would undoubtedly sell for more now than when it was the old Albany post-road; so would the land in the Bowery or Fifth Avenue sell for more now than when it was an unbroken wilderness; yet those streets were opened for *public use*; since when, they have represented *no value*, and, pave them with diamonds, yet so long as they are for public use they must remain free. The same principle holds good in relation to land taken for the construction of a railroad, for as long as it is kept for railroad purposes, its value cannot increase; otherwise, railroads would lose their public character and become mere objects of private speculation—a proposition entirely destitute of argument or logic, and utterly in defiance of the fundamental law which permits such roads to be built.

## ON THE RIGHT OF RAILROAD COMPANIES TO MAKE PRIVATE OR SPECIAL CONTRACTS.

It has become a common custom with railroad companies to make special rates for transporting the property of certain persons over their roads. In my judgment, in every instance where a railroad company refuses to carry the same amount, of the same kind of property at the same rate of speed, the same distance for the same sum of money, for one individual that it does for another, it not only violates its rights, but *forfeits its chartered privileges*.

## COST OF RAILROADS, AND THE AMOUNTS ON WHICH COMMERCE AND TRAVEL IS TAXED FOR THEIR USE.

The New York Central Railroad Company was organized in 1853. Its road consisted of several roads (built by the people living along their lines), connecting the principal towns and cities between Albany and Buffalo. The capital stock of the companies representing these roads, at the time of their consolidation, amounted to \$20,799,800, on which, it was claimed, \$16,852,870 had been paid in. Their funded and floating indebtedness at that time was \$2,511,105. That the amount *claimed to have been paid in* was largely in excess of the actual cost of the property represented, there can be no doubt. To illustrate: the capital of the Utica and Schenectady Company was put in at \$4,500,000, while the facts in relation to that company are, that it never issued any bonds, that its capital stock never exceeded \$2,000,000, and that \$1,500,000 was every dollar ever paid by the stockholders of that company out of their own funds for the construction and equipment of their road.

It is true the stockholders of that company paid the additional \$500,000, making its full-paid capital \$2,000,000, but, not until the company had declared and paid to its stockholders an *extra* cash dividend amounting to that sum, out of the *surplus earnings* of its road. The additional \$2,500,000 (making the \$4,500,000), it was claimed, had been expended on the property of the company also *out of the surplus earnings of its road*.

The Utica and Schenectady road was about seventy-eight miles in length, or one-quarter that of the New York Central after its consolidation; therefore, taking the actual cost of that road (\$1,500,000) as a basis, it will be found that the cost of the whole line of the Central did not exceed \$6,000,000. Assuming, however, that it cost \$10,000,000, which it never did, and, admitting the

cost of the Hudson River road to have been what it purported in 1851, when it was opened over its whole line, viz., \$9,305,551.09, and add \$2,000,000 paid in 1864, and \$2,000,000 said to have been expended on the Athens branch of the Central, and it will be found that the entire actual cost of the property now represented by the New York Central and Hudson River Railroad Company (to its stock and bond-holders) was less than \$25,000,000. Interest was always regularly paid on all bonds issued by the companies consolidated into that company, and liberal and regular dividends on all stock, except about \$3,750,000 outstanding against the Hudson River Company during the first thirteen years of its existence. To cover that deficiency, that company issued in 1864 four millions (\$4,000,000) of its stock, for which only \$2,000,000 was paid by its shareholders, since when regular dividends have been paid on all stock outstanding against it. Therefore, investors in those securities have no reason to complain on that score.

The obligations outstanding against the New York Central and Hudson River Railroad Company, amount now to \$105,000,000, or more than four times the *actual* cost of its property to its stock and bondholders.

About one year ago the Lake Shore and Michigan Southern Railroad Company issued to its shareholders \$15,000,000 of its stock upon their paying therefor the sum of \$5,000,000, or thirty-three and one-third per cent. on the amount issued. *Before* that issue was made, its stock was already outstanding for more than four thousand (\$4,000) dollars for every one thousand (\$1,000) *actually* paid by the stockholders of the companies consolidated into that company. And twenty-five million (\$25,000,000) dollars would more than cover all sums ever paid (by its stock and bond-holders) for the property it now represents. The present outstanding obligations of that company amount to \$75,000,000.

Every intelligent man in this country understands that the Union Pacific Railroad was built by a combination of corrupt men *inside* and out of Congress. That the Government issued its bonds to *aid* in constructing that road to a greater amount than was ever actually expended for its construction. That it gave to the company representing it lands worth ten times its cost. Yet, that company has issued a number of other obligations, among which is \$35,000,000 of its stock (for which no pretense is made that one dollar has ever been expended), which is now being sold in the markets of this country and Europe,

and treated as if it was an *honorable obligation*, on which the future internal commerce and travel of this country can be taxed \$3,000,000 a year through all time, to pay dividends.

Within the last six years there has been issued over \$60,000,000 of the stock of the Erie Railway Company, and no one will dare say there has been \$5,000,000 of this vast sum expended on its property for the public welfare. It is well known that this stock was sold at from twenty to forty cents on the dollar, and that its proceeds were appropriated to the *personal* uses of those who issued it. That vast private fortunes were suddenly acquired by all who were prominently connected with the management of that company at the time this stock was issued, and that everything went swimmingly with them, until CERTAIN PROMINENT PUBLIC MEN (with whom they were intimately associated) fell under the ban of a just public indignation, when, immediately, a cry went up from this city and State, demanding that the Legislature should pass laws removing the directors of the Erie Railway Company and others, to protect the *interests* of its stockholders. These *unselfish* and *patriotic* stockholders, for whom so much public sympathy was manifested, would not consent, however, to a proposition I urged before the Railroad Committees of both branches of the Legislature, viz., that the capital of that company should be reduced to the amount paid for its stock. On the contrary, *their* modest demand was (what to the credit of those who issued this stock it must be said, they never undertook to do, but which the present management is trying to accomplish), viz., tax the commerce of this city and an innocent public along the line of that road \$5,000,000 a year to pay dividends on the par value of stock purchased at twenty cents on the dollar by the injured innocents and Shylocks (with unspeakable names), who congregate in London, Frankfort, and Wall Street.

The capital stock and bonded indebtedness of the different railroad companies doing business in this State (leaving a portion of the Boston and Albany, and Lake Shore out, to represent their property in other States) amounts now to about \$400,000,000, while it is easy to prove, that the actual cost of their property (to their stock and bond-holders) was less than \$150,000,000. The outstanding obligations of the different railroad companies in the United States amounts now to about \$4,000,000,000, and it is equally susceptible of proof that the property represented by them never cost their stock and bond-holder \$1,500,000,000.

By these figures it is easy to estimate the difference between a tax

on commerce and travel to pay interest and dividends on the cost of railroads, and that required to pay on their outstanding obligations.

#### HOW NEW YORK CITY AND STATE SUFFER FROM BEING TAXED TO PAY DIVIDENDS ON THE WATERED STOCKS OF RAILROAD COMPANIES.

The Legislature of 1853 passed laws restricting the New York Central and Hudson River Railroad Companies from charging more than two cents per mile for transporting passengers over their roads. The *gross* earnings of the Hudson River road during that year was \$1,298,617.31, and in 1854 the *gross* earnings of the New York Central road was \$5,919,334.50, making a total of \$7,216,951.81.

During the year 1871 the New York Central and Hudson River Railroad Company paid for interest on its bonds \$721,308.04, and for dividends on its stock and scrip \$7,258,741.70, or \$764,097.95 more than the gross earnings of the roads it represents one year after that restriction was placed upon them. In this connection it should be borne in mind that since then \$4,000,000 is all that has been paid by its stock and bond-holders for the improvement of its property.

The amount of interest paid on the bonds of the New York Central Railroad Company, between 1854 and 1869, amounted to \$15,099,067.58, and the sums paid for dividends on its stock during the same time amounted to \$31,063,500 33. There was paid, for interest on the bonds of the Hudson River Railroad Company, between 1852 and 1869, the sum of \$9,003,580.79, and for dividends on its stock, from 1862 until 1869, \$4,566,608.77. The sums paid for interest on the bonds of the New York Central and Hudson River Railroad Company during the years 1870 and 1871 amounted to \$1,815,148.84, and for dividends on its stock and scrip \$14,119,982.99; to these amounts add \$2,000,000 paid in the stock of the Hudson River Company in 1864, and \$8,000,000 paid, or to be paid, on the stock and bonds of the New York Central and Hudson River Company during the present year, and it will be found that the people have paid for the use of the road now represented by that company, for interest and dividends alone, the enormous sum of \$86,757,839.30 during the last eighteen years, and that, if the present annual amount of interest and dividends are continued during the next eighteen years, it will impose a burden amounting to \$144,000,000 to meet and pay such demands.

Had that company been restricted during those years to the payment of eight per cent. per annum on \$25,000,000, or the actual cost of

its property to its stock and bond-holders, the burden imposed for that purpose would have amounted to less than \$36,000,000; and if such a restriction was now placed upon it, the net *saving* to the public requiring the use of its road, would amount to \$108,000,000 during the next eighteen years to come.

The combined capital of the New York Central and Hudson River, and Lake Shore and Michigan Southern Railroad Companies, amounts now to \$180,000,000. Dividends amounting to eight per cent. per annum on the actual cost of their property would impose a tax on the people of less than \$4,000,000 each year. By reference to their reports it will be found that they paid during the year 1871, for interest and dividends, the sum of \$12,687,037.02, or more than *twenty-five* per cent. on the actual cost of their property.

Assuming that a tax of two per cent. imposed on property in transit would divert it into other channels, it will be found that this city lost the profits, on handling and marketing, over four hundred and fifty (\$450,000,000) millions of property during the last year, owing to the *extra* \$8,687,037.02 paid to the stock and bond-holders of these companies *during that year*. How far such causes have tended to reduct the internal commerce of this city from eighty-three to forty-seven per cent. in ten years, are matters for the serious consideration of all whose business interests are located here.

It is well known that several railroads are already built, and being built, reaching other cities on the Atlantic coast, and that their business-men are using every effort to get control of that business which naturally belongs here.

Baltimore, Philadelphia, Boston and Montreal see the unfortunate condition in which New York is placed, and each hastens to take advantage of her situation.

Baltimore illustrates her advantages better than either, because, *the obligations of the Baltimore and Ohio Railroad Company represent nearer the cost of its road*, than any other now competing for the Western trade. By that line wheat is transported from Milwaukee and Chicago to Baltimore at from five to eight cents per bushel less than it is over railroads terminating here. While Western merchants have their freights shipped at from fifteen to twenty-five cents per hundred lbs. less, over that road to or from Baltimore than they can over railroads entering this city. Since 1864 the equipment and tonnage of that road has nearly doubled, yet that company pays no more dividends now than it did then, and much less interest on its bonds, a large amount having

been retired out of its surplus earnings, and, as one of the results of such management, Baltimore is growing in wealth, population, and commercial influence faster than any city on the Atlantic coast.

The following figures will illustrate the advantage Philadelphia enjoys over New York. These figures were published in 1868, since when, owing to their damaging influence, the New York companies have ceased to make reports whereby any comparison can be made.

The increase of the total freight business on the Erie road, between 1862 and 1867, was 57 per cent., on the Pennsylvania Central 59 per cent., on the New York Central 22 per cent., on the Hudson River 21 per cent., and on the Harlem  $5\frac{1}{2}$  per cent. The increase of charges per ton per mile on the Erie, during the same years, was  $5\frac{1}{2}$  per cent., on the New York Central 14 per cent., on the Hudson River 70 per cent., and on the Harlem 94 per cent., while the *reduction* on the Pennsylvania Central was  $2\frac{1}{2}$  per cent.

These figures speak louder than any comments that can be made upon them; for, when two cities are competing for the same business under such circumstances one must go into decay, while the other must rise and prosper on the downfall of its competitor.

During the last winter many of the leading merchants of Albany sent me letters stating that they were *compelled* to buy the most of their heavy goods in Boston during that season, in consequence of the difference in freight charges between that city and those charged from New York, the former being forty cents per hundred over the Boston and Albany road, two hundred miles, against fifty-five cents per hundred over the Hudson River road, one hundred and forty-four miles.

Letters of like import were received from prominent merchants and manufacturers in Hudson, Troy, Schenectady, Utica, Syracuse, Rochester, and other cities. These letters were read before committees of the Legislature, who were urged to report some bill for the relief of their authors; but to all such appeals they turned a deaf ear.

In this connection it might be asked, What difference it would make to the merchants of New York city whether a drought destroyed the crops of this country, or whether the expense of transporting them to a market reached such an extent that its producers could not pay for the goods on which the New York merchant makes his profit, or whether cheaper transportation and superior facilities attracts the merchants of this country to other cities to buy their goods? or how long it is expected they will come here to make their purchases, under

a promise of cheap freight rates, and then have them suddenly advanced before their goods are ready for shipment? Every business man knows that country merchants are leaving here daily to make their purchases in other cities, in consequence of the advanced rates recently established on freights bound west from this city.

These are questions of vital importance to every person having any business or property interest in or about this city, for upon them depends its future commercial supremacy, on which all property values in this community are based.

The people of this State are alive to the importance of this question, as was manifested by over sixty thousand of them petitioning the Legislature of 1871 to pass measures which would relieve them from "the unjust and oppressive management of railroad companies doing business in this State." The reason why this is so, is because the great profits made by railroad companies is on their *local* or *way* business—in other words, out of the people who are *obliged* to use their roads. A farmers' club in one of the western counties of this State resolved, last February, that farming could no longer be carried on at a profit in Western New York, because it cost farmers residing there more to get their produce to market than it did those living a thousand miles farther west, whose business is sought after by railroad companies, and pays them handsome profits, even over the longer distance; and it is useless to tell the merchants of New York city that country merchants doing business in this State make the same complaint.

#### THE REASONS WHY SUCH THINGS EXIST.

A member of the last Assembly informed the people of this city, through a communication addressed to them, that he resigned his seat in that body rather than sit there and see men all around him daily taking bribes for their votes. He said "Vanderbilt owned that Legislature," and, so far as the railroad interests of this State can be personified by one name, he did; for, to my knowledge, over eighty-five of its members left Albany with his money in their pockets. But that was nothing new; the same thing has existed for many years, and frequently to a greater extent. And I know that nine dollars out of every ten spent in Albany during the last fifteen years to corrupt the people's representatives came from persons interested in railroads already built, or from those who desired the privilege of building them—the bulk, however, always coming from those representing either the Erie or New York Central and Hudson River Railroad Companies.

## FREE RAILROAD PASSES

are the primary causes by which public officials are corrupted; and yet the custom of riding on them has become so common, that there was not five exceptions in the last Legislature. It is notorious that one of the clerks of the last Assembly openly proclaimed from his desk, that all members who had not received their passes would please step up to the clerk's desk and get them.

The constitution of this State provides that members of the Legislature shall receive ten cents per mile as mileage to pay their fares between their homes and the capital; yet not one in twenty has paid a dollar for his fare within the last ten years; all, however, have drawn the amount they were entitled to from the State treasury; and if experience proves anything, it is, that there is but one step between a public official receiving and using the free pass of a railroad company, and receiving its money to promote its interests, and that an absence of that proper sense of public duty which permits the one soon yields to the other.

Much is now being said about civil service and other reforms, and about the burden imposed on the people, owing to the tariff laws, and about the vast public debts created by carpet-baggers, and about speculation in office, and, in fact, about everything except the burden imposed for the use of railroads. An examination of the figures contained in this paper will prove that the obligations outstanding against railroad companies, and on which the people are taxed to pay interest or dividends, amounts to more than the debt of the whole country combined with those of all the States and cities in it. And the stupidest man in the land knows that nine-tenths of the corruption among public officials and the public press comes from railroad influence.

A very distinguished man, recently placed in nomination for President of the United States, stated that the one great fault of our Government was in permitting public debts to be created for any purpose. That opinion has been generally condemned by the public as being too narrow to carry on the business relations and functions of government for a great and enterprising people.

The people could undoubtedly pay all outstanding obligations, either of the nation, or of States, cities, or corporations, to the extent of the money paid into their treasuries. The trouble is, that public obligations are permitted to be issued at less than their par value, or are increased in value or volume after they are issued, or their payment promised in actual money when the business of the country is transacted on an irredeemable currency, which has no fixed or permanent value. Under

these evils the people are now exhausting all their energies to pay interest or dividends on obligations representing four times the amount paid for them by their holders, or expended from their income for the public welfare. With such a burden resting on them, no people can live, much less prosper.

The world never saw such a condition of affairs as exists in this country at this time, for in no other, at no period of its history, was its *common* highways ever treated as if they were for private instead of public use. Tithes, duties, and imposts were always levied and collected, but the highways of all countries were always kept as *near free* as possible, for without them there could be no intercourse among the people, without which there can be no civilization.

The highways of a country stand in the same relation to it that the veins and arteries do to the human body, and a healthy condition might as well be expected by injecting three-quarters of water into one, as the other; and the sooner the water is evaporated out of the railroad securities of this country, the sooner will its legislation and its avenues of intercourse be restored to a healthy and sound condition.

With *equal* advantages for transacting her internal and external commerce, New York must always remain what she now is, the commercial metropolis of this continent. With disadvantages to either, she must go into decay, as many great cities have gone before, and as she now seems tending; yet, while she holds her present commanding position, the voice of her merchants and business men will exercise great influence in determining all questions affecting the welfare of the people. If, then, all New York wants to insure her future prosperity, is equal advantages over the highways of the country, and evils exist in relation to their management, which, not only affect her interests, but against which the whole people complain, then her merchants and business men should speak with one voice, and, in the name of commerce, demand that such evils be corrected.

New York cannot expect Western shippers of grain to pay eight cents per bushel more, merely for having it pass through this city, nor that Western merchants will long continue to pay twenty-five cents per hundred lbs. more for having goods transported, which can be bought on as good terms in other cities.

One of the first evidences of danger to New York may be seen in the vast number of *legal* sales of property now taking place. This is a sure forerunner of decay in the prosperity of any place; therefore, if her business men would avert the dangers which threaten them, they must act, and act promptly.

## THE REMEDY.

*Pro rata* freight-bills have proved a failure. Competition, although sometimes advantageous to some communities, always ends in combination against all ; therefore, the remedy for evils growing out of railroad management must reach their root, otherwise no permanent benefit will be gained by the people. To meet and remedy existing evils, the merchants and property-owners of this city should perfect an organization which will reach every country merchant and manufacturer in this State, and secure their influence in electing members to the Legislature and State officers, who shall be committed to the following measures :—

*First.* To a reduction of the capital stock and bonded indebtedness of all railroad companies doing business under the laws of this State to the par value of the amount levied on, and actually paid by their stock and bond-holders, into their treasuries, and actually, and in good faith expended on their property for the public welfare from the amount so received.

*Second.* To limit the amount of dividends or interest railroad companies may declare or pay, to eight per cent. per annum on such amount.

*Third.* To limit the amount of real estate railroad companies may own to that actually required for the construction and convenient operation of their roads.

*Fourth.* To enact a law which will punish by fine and imprisonment all public officials who shall receive and use the free pass of any railroad company doing business in this State.

*Fifth.* To prevent railroad companies, under any circumstances, from charging more for transporting persons or property a less, than they do a greater distance over their roads.

*Sixth.* To compel such companies to make monthly statements of all their transactions, which shall be kept open for public inspection.

*Seventh.* To create a board of Railroad Commissioners, who shall be clothed with power to establish rates for the transportation of persons and property over all railroads doing business in this State, which rates must be uniform, and in no case exceed those now allowed by law. To confer authority on such commissioners to determine how the funds of all railroad companies doing business in this State shall be used or expended, and to confer such additional powers as will enable them to reduce rates over railroads as population and traffic increase along their lines.

These, to my mind, are the things most needed to correct present abuses, and make railroads for public use according to that provision of the constitution which allows them to be built. Under such laws one cent per mile for transporting passengers over the New York Central and Hudson River road, and one and one-quarter cents per ton per mile for transporting freights over that road would be all that would be required to pay its operating expenses, and eight per cent. per annum on its cost, which, with fair rates for the use of the other roads in this State, would add millions to its agricultural products, develop its manufacturing resources, insure the commercial supremacy of this city, and save to its people \$25,000,000 each year for the use of such roads.

During the last two sessions of the Legislature of this State I have urged the above measures upon the attention of its Committees on Railroads, believing that all legislative enactments which permit an increase of the obligations of railroad companies beyond the amount actually paid for them, and beyond the amount actually expended for the public welfare, from the amount so paid, to be *unconstitutional, invalid, null and void*; and this paper has been prepared in order to secure the co-operation of all who coincide in that opinion and are willing to lend their influence in bringing the questions herein alluded to before the people with such prominence as their importance demands.

In my judgment, one public meeting held in this city, composed of five hundred of its prominent business men, who would speak boldly out and demand that these reforms be carried into effect, would bring to their support nearly every newspaper in the land, for, the people not only of this State, but of every State, are united on these questions. What they want is a starting-point—a nucleus around which they can gather. Will the merchants of New York, as the custodians of the material welfare of the whole people, give them that opportunity?

It will be idle to look for relief through any political party now in existence, for if any one is verdant enough to think there are any other questions, except those relating to corporations, now occupying the time and attention of the people's representatives, let him spend a month in Washington or at the capital of any State in the Union, and he will come away a wiser if not a better man, and, with a mind disabused of many false notions about the practical working of legislation. A stranger, not many years ago, after listening to a long debate in the Assembly of this State, came to the conclusion that those sitting inside the railing were the hired men of a certain railroad company who had a bill under discussion, and

not understanding the value or importance attached to legal enactments, expressed his surprise that the company did not put them fellows to work on the road instead of letting them sit there doing nothing.

It is unreasonable to expect the public press, and especially the party press, to speak out boldly on these questions, for editors, like politicians, ride on free passes, while a large portion of their papers are devoted to advertising either the securities of railroad companies for sale, their time-tables, or puffs for the management of their roads. Therefore, until the public demand that railroad abuses be corrected, newspaper men will not drive from them such profitable customers.

Railroad influence in this country assumes the peculiar form of an administration in power, conferring its patronage on both parties. It is always on the side that wins, and never quarrels with the party in power. It assumes the functions of government by transporting public officials free of charge, and by paying them such sums of money as they require, beyond the salary to which they are entitled. It overawes into silence all political parties and subsidizes with its favors and patronage the public press. By absorbing nearly all the money of the country, it has become the principal depositor in banks, thereby dictating their loans, discounts and policy. It induces the officers of those institutions to unite in schemes of speculation, whereby millions are withdrawn from the legitimate demands of business and locked up in floating, worthless, and watered obligations, and whereby the business men of this city are now obliged to pay unreasonable rates for the use of money, because it is thus employed; yet, with all this power, it cannot stand the light of *open discussion*. Let one such meeting as has been indicated, be held in this city, and all its boasted power would fall as suddenly as did that of the Tammany magnates last fall, because the same reasons exist in the one case as in the other. Tweed, Sweeney & Co. were mere agents used to corrupt the people's representatives for the benefit of the Vanderbilts, Clarks, Schells, etc., etc., etc., whose private fortunes were increased by legislative enactments more than one hundred million dollars while their puppets were in power and controlled the legislation of this State. Then, bring the real culprits into sight, and they must fall, quicker, and lower, than the instruments they used to carry out their plundering schemes against the people.

Two years ago, after having spent ten years in the Albany lobby,

I said to those with whom I had been associated, that the condition of affairs then existing must cease, that free institutions could not exist under such a general demoralization of the people's representatives, and especially under the system of *ring* legislation which had come to prevail in that capital. That, for one, I was willing to be forgiven, and that most men who had been connected with legislation during the last fifteen years ought to be, and to start afresh and see if something could not be done to relieve the people from the unjust burdens that had been imposed upon them.

In carrying out these views, railroad corporations naturally became the objective point, because my observation taught me that nearly all corruption among public officials was derived from that source.

In my first efforts, I was called a striker; in the next place, a fool for undertaking to oppose such a vast moneyed influence, especially when it was at an expense to myself of from twenty to thirty thousand dollars each year, in refusing my services to promote its interests. But, during the last year, the unkindest thing I heard was, that I was a *fanatic*. Well, perhaps I am. Still, that common sense with which a kind Providence has endowed me teaches some things, among which are: First, that if a burden amounting to six million dollars a year, on commerce transported over the canals, is of sufficient importance to command the attention of all political parties, and the serious consideration of every business man in this State, then, a tax for the same purpose, amounting to forty-five million dollars each year for transporting property over railroads, will soon command the attention of the whole people. Second, that no man or community can do business and pay interest on four dollars for every one dollar received; and that no people can prosper, when one in fifty of its members absorb a majority of the circulating medium of the country in which they live, as was the case in this country during the last year, when four hundred and fifty million dollars was required to pay interest or dividends on its legislatively created obligations. And, third, by the conversation daily heard among men, I am forced to the conclusion that there is an awakening sense among the people to the dangers now threatening our free institutions, growing out of the too common custom of public officials accepting bribes for their votes.

Feeling confident, therefore, that these dangers will soon be traced to their true source, and that, then, *incorporated wealth*, and especially as represented by railroad corporations, will be held responsible for them, can afford to wait, knowing full well that, whether I

live or die, sink into poverty and obscurity, or acquire a competence and the respect of my fellow-men, the time is at hand when the questions, so poorly presented in this paper, will command the universal attention of an injured, indignant, and plundered people. In conclusion, I would ask all who think with me, to communicate with, yours respectfully,

GEORGE O. JONES,

No. 31 Wall Street, N. Y.

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